

**VILLAGE OF CLARENCE
ANNUAL FINANCIAL REPORT**

JUNE 30, 2013

Village of Clarence
Financial Report
June 30, 2013

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Village of Clarence
Financial Report
June 30, 2013

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Village of Clarence

P. O. Box 309
Clarence, LA 71414

MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended June 30, 2013

This section of the Village of Clarence's (hereafter referred to as the Village) annual financial report presents an overview and analysis of the Village's financial activities for the year ended June 30, 2013. The intent of the MD&A is to look at the Village's financial performance as a whole. It should, therefore, be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Village's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and presents a longer-term view of the Village's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Position presents all of the Village's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Village's net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.
- The Statement of Activities presents information showing how the Village's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the Village are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village conducts its day-to-day operations through a governmental fund, the General Fund, and a business-type activity, the Village's utility system. These statements provide a short-term view of the Village's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Village.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	June 2013			June 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Current Assets	\$55,470	\$ 22,075	\$ 77,545	\$26,311	\$ 19,931	\$ 46,242
Restricted Assets	0	13,059	13,059	0	10,987	10,987
Capital Assets, Net of Accumulated Depreciation	31,485	2,370,044	2,401,529	42,030	2,449,906	2,491,936
Total Assets	\$86,955	\$2,405,178	\$2,492,133	\$68,341	\$2,480,824	\$2,549,165
LIABILITIES:						
Accounts Payable	\$ 5,030	\$ 8,708	\$ 13,738	\$ 3,490	\$ 6,576	\$ 10,066
Payroll Liabilities	0	0	0	1,665	0	1,665
Withholding - State	0	0	0	357	0	357
Accrued Payroll	0	0	0	3,244	1,332	4,576
Customers' Deposits Payable	0	4,851	4,851	0	4,791	4,791
Long Term Debt	6,116	43,411	49,527	15,739	53,768	69,507
Total Liabilities	\$11,146	\$ 56,970	\$ 68,116	\$24,495	\$ 66,467	\$ 90,962
NET POSITION:						
Net Investment in Capital Assets	\$25,369	\$2,326,633	\$2,352,002	\$26,291	\$2,396,138	\$2,422,429
Restricted for Debt Service	6,116	21,575	27,691	0	18,219	18,219
Unrestricted	44,324	0	44,324	17,555	0	17,555
NET POSITION	\$75,809	\$2,348,208	\$2,424,017	\$43,846	\$2,414,357	\$2,458,203

Summary of Statement of Activities

	June 2013			June 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Charges for Services	\$ 25,657	\$137,496	\$163,153	\$ 24,801	\$147,403	\$172,204
Taxes	30,688	0	30,688	30,454	0	30,454
Fines	160,790	0	160,790	100,188	0	100,188
Grants	0	20,377	20,377	227,650	257,543	485,193
Contributions & Transfers	7,692	0	7,692	786	0	786
Other	<u>19,325</u>	<u>2,261</u>	<u>21,586</u>	<u>7,732</u>	<u>918</u>	<u>8,650</u>
Total Revenues	<u>\$244,152</u>	<u>\$160,134</u>	<u>\$404,286</u>	<u>\$391,611</u>	<u>\$405,864</u>	<u>\$797,475</u>
EXPENSES:						
Public Safety	\$103,313	\$ 0	\$103,313	\$ 68,471	\$ 0	\$ 68,471
General Government	107,564	0	107,564	380,776	0	380,776
Operating Expense	0	197,253	197,253	0	205,083	205,083
Grant Expenses	0	20,377	20,377	0	836	836
Interest Expense	1,312	2,209	3,521	1,302	342	1,644
Transfers	<u>0</u>	<u>6,444</u>	<u>6,444</u>	<u>0</u>	<u>786</u>	<u>786</u>
Total Expenses	<u>\$212,189</u>	<u>\$226,283</u>	<u>\$438,472</u>	<u>\$450,549</u>	<u>\$207,047</u>	<u>\$657,596</u>
Change in Net Position	<u>\$ 31,963</u>	<u>\$ (66,149)</u>	<u>\$ (34,186)</u>	<u>\$ (58,938)</u>	<u>\$198,817</u>	<u>\$139,879</u>

Governmental Activities

- The Village's assets exceeded its liabilities by \$75,809 (net position) for the year. This is an increase of \$31,963 from prior year.

Business Type Activities

- The Proprietary Fund (the water and sewer service) experienced a decrease in net position of \$66,149 for the year.

General Fund Budgetary Highlights

At year end, actual revenues were \$69,813 more than budgeted revenues and actual expenditures were \$7,874 more than budgeted expenditures.

Economic Factors and Next Year's Budget

The Village has prepared its FY 2013/2014 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Both revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 309, Clarence, LA 71414.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Mayor and Board of Aldermen of
the Village of Clarence

We have reviewed the accompanying financial statements of the governmental activities, business-type activities, and major fund of the Village of Clarence as of and for the year ended June 30, 2013, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Village's personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Village is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 4 and 34, are presented for purposes of additional analysis. Such information, although not a required part of the basic financial

statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information included in the budgetary comparison has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto. The information included in the Management's Discussion and Analysis has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management. We have not audited or reviewed the management's discussion and analysis and accordingly, we do not express an opinion or any other form of assurance on it.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated December 4, 2013, on the results of our agreed-upon procedures on page 36 through 38. Pages 39 through 43 present the Louisiana Attestation Questionnaire, management letter, management's response, and status of prior year audit finding.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 4, 2013

Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Clarence
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$39,701	\$ 2,884	\$ 42,585
Revenue and Accounts Receivable	15,769	19,191	34,960
Total Current Assets	<u>\$55,470</u>	<u>\$ 22,075</u>	<u>\$ 77,545</u>
Noncurrent Assets:			
Restricted Assets-			
Customers' Meter Deposits	\$ 0	\$ 4,814	\$ 4,814
Bond Covenant Accounts	0	8,245	8,245
Capital Assets (net)	31,485	2,370,044	2,401,529
Total Noncurrent Assets	<u>\$31,485</u>	<u>\$2,383,103</u>	<u>\$2,414,588</u>
Total Assets	<u>\$86,955</u>	<u>\$2,405,178</u>	<u>\$2,492,133</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 5,030	\$ 7,783	\$ 12,813
Accrued Interest	0	925	925
Current Portion - Long Term Debt	6,116	6,411	12,527
Total Current Liabilities	<u>\$11,146</u>	<u>\$ 15,119</u>	<u>\$ 26,265</u>
Noncurrent Liabilities:			
Payable from Restricted Assets-			
Customers' Deposits Payable	\$ 0	\$ 4,851	\$ 4,851
Long-Term Debt (Bond)	0	37,000	37,000
Total Noncurrent Liabilities	<u>\$ 0</u>	<u>\$ 41,851</u>	<u>\$ 41,851</u>
Total Liabilities	<u>\$11,146</u>	<u>\$ 56,970</u>	<u>\$ 68,116</u>
NET POSITION:			
Net Investment in Capital Assets	\$25,369	\$2,326,633	\$2,352,002
Restricted for Debt Service	6,116	21,575	27,691
Unrestricted	44,324	0	44,324
Total Net Position	<u>\$75,809</u>	<u>\$2,348,208</u>	<u>\$2,424,017</u>

See accompanying notes and independent accountant's report.

Village of Clarence
Statement of Activities
For the Year Ended June 30, 2013

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$108,876	\$ 25,657	\$ 1,248	\$0	\$(81,971)	\$ 0	\$ (81,971)
Public Safety	<u>103,313</u>	<u>160,790</u>	<u>0</u>	<u>0</u>	<u>57,477</u>	<u>0</u>	<u>57,477</u>
Total Governmental Activities	<u>\$212,189</u>	<u>\$186,447</u>	<u>\$ 1,248</u>	<u>\$0</u>	<u>\$(24,494)</u>	<u>\$ 0</u>	<u>\$ (24,494)</u>
Business-Type Activities:							
Water/Sewer	<u>\$219,839</u>	<u>\$137,496</u>	<u>\$20,377</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$ (61,966)</u>	<u>\$ (61,966)</u>
Total Government	<u>\$432,028</u>	<u>\$323,943</u>	<u>\$21,625</u>	<u>\$0</u>	<u>\$(24,494)</u>	<u>\$ (61,966)</u>	<u>\$ (86,460)</u>
General Revenues:							
Taxes					\$ 30,688	\$ 0	\$ 30,688
Interest & Miscellaneous					19,325	2,261	21,586
Transfers					<u>6,444</u>	<u>(6,444)</u>	<u>0</u>
Total General Revenues					<u>\$ 56,457</u>	<u>\$ (4,183)</u>	<u>\$ 52,274</u>
Change in Net Position					\$ 31,963	\$ (66,149)	\$ (34,186)
Net Position-July 1, 2012					<u>43,846</u>	<u>2,414,357</u>	<u>2,458,203</u>
Net Position-June 30, 2013					<u>\$ 75,809</u>	<u>\$2,348,208</u>	<u>\$2,424,017</u>

See accompanying notes and independent accountant's report.

FUND FINANCIAL STATEMENTS

Village of Clarence
Balance Sheet-Governmental Fund
June 30, 2013

	General Fund
ASSETS:	
Cash and Cash Equivalents	\$39,701
Revenue Receivable	<u>15,769</u>
Total Assets	<u>\$55,470</u>
LIABILITIES:	
Accounts Payable	\$ 5,030
FUND BALANCES:	
Unassigned	<u>50,440</u>
Total Liabilities and Fund Balance	<u>\$55,470</u>

See accompanying notes and independent accountant's report.

Village of Clarence
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2013

Total Fund Balance for the Governmental Fund at June 30, 2013	\$ 50,440
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:	
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Long-term Debt	(6,116)
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. Those assets consist of:	
Land, Equipment, Buildings, and Vehicles,	161,010
Less, Accumulated Depreciation	<u>(129,525)</u>
Total Net Position of Governmental Activities at June 30, 2013	\$ <u>75,809</u>

See accompanying notes and independent accountant's report.

Village of Clarence
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2013

	General Fund
REVENUES:	
Taxes	\$ 30,688
Licenses and Permits	25,657
Intergovernmental	1,247
Fines and Forfeits	140,131
Mayor's Court	20,660
Miscellaneous	<u>19,325</u>
Total Revenues	<u>\$237,708</u>
EXPENDITURES:	
Current-	
General Government	\$104,937
Public Safety	97,653
Debt Service	<u>8,677</u>
Total Expenditures	<u>\$211,267</u>
Excess of Revenues over Expenditures	\$ 26,441
OTHER FINANCING SOURCES:	
Transfer In-Utility Fund	<u>6,444</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	\$ 32,885
Fund Balance-Beginning of Year	<u>17,555</u>
Fund Balance-End of Year	<u>\$ 50,440</u>

See accompanying notes and independent accountant's report.

Village of Clarence
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2013

Total net change in fund balance at June 30, 2013, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 32,885
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Depreciation expense on capital assets is reported in the Government-wide Financial Statements, but they do not require the use of current financial resources and are not reported in the Fund Financial Statements. Current year depreciation expense is	(10,545)
Payments made on long-term debt are shown as expenditures in the governmental funds, but the payments reduce long-term liabilities in the Statement of Net Position	<u>9,623</u>
Total change in net position at June 30, 2013, per Statement of Activities	<u>\$ 31,963</u>

See accompanying notes and independent accountant's report.

Village of Clarence
Statement of Net Position
Proprietary Fund
Year Ended June 30, 2013

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 2,884
Accounts Receivable	<u>19,191</u>
Total Current Assets	\$ <u>22,075</u>

Noncurrent Assets:

Restricted Assets-

Customers' Meter Deposits	\$ 4,814
Bond Covenant Accounts	<u>8,245</u>

Capital Assets-

Capital Assets, Net	<u>2,370,044</u>
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Total Noncurrent Assets	\$ <u>2,383,103</u>
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Total Assets	\$ <u>2,405,178</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	\$ 7,783
Accrued Interest	<u>925</u>
Current Portion of Long-Term Debt	<u>6,411</u>

Total Current Liabilities	\$ <u>15,119</u>
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Noncurrent Liabilities:

Long-Term Debt (Bond)	\$ 37,000
Payable from Restricted Assets-	
Customers' Deposits Payable	<u>4,851</u>

Total Noncurrent Liabilities	\$ <u>41,851</u>
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Total Liabilities	\$ <u>56,970</u>
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NET POSITION:

Net Investment in Capital Assets	\$2,326,633
Restricted for Debt Service	<u>21,575</u>

Total Net Position	\$ <u>2,348,208</u>
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See accompanying notes and independent accountant's report.

Village of Clarence
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

OPERATING REVENUES:	
Sales	\$ <u>137,496</u>
OPERATING EXPENSES:	
Depreciation	\$ 79,862
Personnel	33,714
Utilities/Telephone	54,775
Insurance	3,514
Repairs & Maintenance/Fuel	10,533
Supplies	1,642
Office	10,406
Testing	<u>2,807</u>
Total Operating Expenses	\$ <u>197,253</u>
Operating Income (Loss)	\$ <u>(59,757)</u>
NON-OPERATING REVENUES & EXPENSES:	
CWEF - Grant Revenue	\$ 20,377
Interest Income	15
Miscellaneous Revenue	2,246
Interest Expense	(2,209)
Transfer to General Fund	(6,444)
CWEF - Grant Expenses	<u>(20,377)</u>
Total Non-Operating Revenues (Expenses)	\$ <u>(6,392)</u>
Change in Net Position	\$ (66,149)
Net Position-Beginning of Year	<u>2,414,357</u>
Net Position-End of Year	<u>\$2,348,208</u>

See accompanying notes and independent accountant's report.

Village of Clarence
Statement of Cash Flows
Proprietary Fund
June 30, 2013

	<u>Business Type Activities</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$136,734
Cash-Customers Refunds	(90)
Cash Payments to Suppliers for Goods & Services	(81,395)
Cash Payments to Employees	(35,457)
Cash Used to Increase Restricted Assets	<u>(2,072)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>17,720</u>
Cash Flows from Non-Capital & Related Financing Activities:	
Miscellaneous Revenue	\$ <u>2,246</u>
Net Cash Provided (Used) for Non-Capital & Related Financing Activities	\$ <u>2,246</u>
Cash Flows from Capital & Related Financing Activities:	
CWEF Grant Income	\$ 20,377
CWEF Grant Expenses	(20,377)
Principal Paid on Capital Debt	(9,946)
Interest Paid on Capital Debt	(2,209)
Transfer to General Fund	<u>(6,444)</u>
Net Cash Provided (Used) for Capital & Related Financing Activities	\$ <u>(18,599)</u>
Cash Flows from Investing Activities:	
Interest Income	\$ <u>15</u>
Net Increase in Cash and Cash Equivalents	\$ 1,382
Cash & Cash Equivalents at Beginning of Year	<u>1,502</u>
Cash & Cash Equivalents at End of Year	\$ <u>2,884</u>

Continued next page.

See accompanying notes and independent accountant's report.

Village of Clarence
Statement of Cash Flows
Proprietary Fund
June 30, 2013

Business Type Activities

Reconciliation of Operating Loss to Net Cash

Provided (Used) by Operating Activities:

Operating Loss \$ (59,757)

Adjustments to Reconcile Operating Loss to

Net Cash Provided (Used) by Operating Activities:

Depreciation Expense 79,862

Changes in Assets and Liabilities:

(Increase)/Decrease in Accounts Receivable (762)

(Increase)/Decrease in Restricted Assets (2,072)

Increase/(Decrease) in Accounts Payable 2,282

Increase/(Decrease) in Other Payables (1,683)

Increase/(Decrease) in Accrued Interest (150)

Net Cash Provided (Used) by Operating Activities \$ 17,720

Reconciliation of Total Cash and Cash Equivalents:

Current Assets-

Cash and Cash Equivalents \$ 2,884

See accompanying notes and independent accountant's report.

NOTES TO FINANCIAL STATEMENTS

Village of Clarence
Notes to Financial Statements
June 30, 2013

Introduction:

The Village of Clarence, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of Aldermen.

This report includes all funds which are controlled or dependent on the Village of Clarence's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Clarence was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Clarence, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Clarence's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Village of Clarence
Notes to Financial Statements
June 30, 2013

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village maintains two funds. They are categorized as a governmental fund and a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Village are described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Village of Clarence
Notes to Financial Statements
June 30, 2013

Proprietary Fund-

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise fund is the Utility Fund.

The Village reports the general fund as major.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Village of Clarence
Notes to Financial Statements
June 30, 2013

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position and Statement of Cash Flows, cash and interest-bearing deposits include all demand accounts and savings accounts of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-12 years
Utility system and improvements	10-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to customer deposits and bond covenants.

H. COMPENSATED ABSENCES-

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences.

Village of Clarence
Notes to Financial Statements
June 30, 2013

I. EQUITY CLASSIFICATIONS-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net resources are available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Village of Clarence
Notes to Financial Statements
June 30, 2013

- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned fund balance of \$50,440. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS-

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the Village's current financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed

Village of Clarence
Notes to Financial Statements
June 30, 2013

the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011.

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Village does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the Village's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 although the Village elected to early implement statement 65 in calendar year 2012. The adoption of GASB 65 does not have any impact on the Village's financial statements.

L. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

M. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Village of Clarence
Notes to Financial Statements
June 30, 2013

N. BUDGET-

Prior to the beginning of each fiscal year, the Village adopts a General Fund budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

2. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, and time deposits. At June 30, 2013, the Village had cash and cash equivalents (collected bank balances) totaling \$57,855. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the Village. The deposits at June 30, 2013, were fully secured by FDIC Insurance.

3. Restricted Assets:

The Enterprise Fund has restricted assets as follows:

Water and Sewer Customer Deposits	\$ 4,814
Bond Covenant Accounts-	
Depreciation Contingency	2,379
Bond Reserve	1,907
Sinking Fund	3,959
Total	<u>\$13,059</u>

Under the terms of the bond indenture on outstanding Water Utility Bonds dated December 4, 1979, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Utility System, are pledged and dedicated to the retirement of said bonds and are to be set aside into the following funds:

- (a) Each month, there will be set aside into a fund called the Amortization Fund an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.
- (b) There shall also be set aside into a Reserve Fund an amount equal to 5% of the principal and interest payments required during the month until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirement in any one maturity year \$(13,850). Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Amortization Fund and as to which there would otherwise be default.

Village of Clarence
Notes to Financial Statements
June 30, 2013

(c) Funds will also be set aside into a Depreciation and Contingency Fund at the rate of \$55 per month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense.

(d) All of the revenues received in any fiscal year that are not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.

4. Capital Assets:

Capital asset activity for the year ended June 30, 2013, is as follows:

Governmental Activities	Balance 07-01-12	Additions	Deletions	Balance 06-30-13
Capital Assets depreciated-				
Building	\$ 46,751	\$ 0	\$0	\$ 46,751
Office Furniture, Fixtures & Equipment	9,274	0	0	9,274
Vehicles/Equipment	104,985	0	0	104,985
Total Capital Assets	<u>\$ 161,010</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 161,010</u>
Less, Accumulated Depreciation				
Building	\$ 32,738	\$ 1,169	\$0	\$ 33,907
Office Furniture, Fixtures & Equipment	9,274	0	0	9,274
Vehicles/Equipment	76,968	9,376	0	86,344
Total Accumulated Depreciation	<u>\$ 118,980</u>	<u>\$ 10,545</u>	<u>\$0</u>	<u>\$ 129,525</u>
Net Capital Assets	<u>\$ 42,030</u>	<u>\$(10,545)</u>	<u>\$0</u>	<u>\$ 31,485</u>
Business-Type Activities	Balance 07-01-12	Additions	Deletions	Balance 06-30-13
Capital Assets-				
Water System	\$2,195,919	\$ 0	\$0	\$2,195,919
Sewer System	14,567	0	0	14,567
Sewer System 2009	500,402	0	0	500,402
Buildings	1,815	0	0	1,815
Diesel Generator (Sewer)	17,500	0	0	17,500
2013 Improvements (Sewer)	20,685	0	0	20,685
2013 Improvements (Water)	1,804	0	0	1,804
2013 Improvements (Sewer)	256,707	0	0	256,707
Vehicles	13,330	0	0	13,330
Total Capital Assets	<u>\$3,022,729</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$3,022,729</u>

Village of Clarence
Notes to Financial Statements
June 30, 2013

Business-Type Activities	Balance 07-01-12	Additions	Deletions	Balance 06-30-13
Less, Accumulated Depreciation				
Water System	\$ 512,016	\$ 54,898	\$0	\$ 566,914
Sewer System	6,116	583	0	6,699
Sewer System 2009	43,785	12,510	0	56,295
Buildings	242	121	0	363
Diesel Generator (Sewer)	2,334	1,167	0	3,501
2011 Improvements (Sewer)	2,758	1,379	0	4,137
2012 Improvements (Water)	240	120	0	360
2012 Improvements (Sewer)	0	6,418	0	6,418
Vehicles	5,332	2,666	0	7,998
Total Accumulated Depreciation	<u>\$ 572,823</u>	<u>\$ 79,862</u>	<u>\$0</u>	<u>\$ 652,685</u>
Net Capital Assets	<u>\$2,449,906</u>	<u>\$(79,862)</u>	<u>\$0</u>	<u>\$2,370,044</u>

Depreciation expense of \$6,118 was charged to general government and \$4,427 to public safety. Depreciation expense for the enterprise fund was charged as follows:

Sewer	\$23,511
Water	<u>56,351</u>
Total	<u>\$79,862</u>

5. Changes in Long-Term Debt:

The following is a summary of bond transactions of the Village for the year ended June 30, 2013:

	<u>Revenue Bonds</u>
Bonds Payable at July 1, 2012	\$49,000
Less, Bonds Retired at 6-30-13	<u>(6,000)</u>
Bonds Payable at June 30, 2013	<u>\$43,000</u>

Bonds payable at June 30, 2013, are comprised of the following individual issues:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Total</u>
1979 Water Revenue Bonds	12-08-1979	01-01-2019	5%	<u>\$43,000</u>

Village of Clarence
Notes to Financial Statements
June 30, 2013

The annual requirements to amortize all debt outstanding as of June 30, 2013, including interest of \$5,700, are as follows:

2014	\$ 7,850
2015	8,500
2016	8,150
2017	7,800
2018	8,400
2019	<u>8,000</u>
Total	<u>\$48,700</u>

For the year ended June 30, 2012, the Village entered into two lease/purchase agreements for new vehicles. A 2010 Ford Ranger was purchased for \$19,995 at 7.25% APR for 36 months. A 2012 police car was purchased for \$22,134 at 6.15% APR for 36 months.

	2012 <u>Ranger</u>	2013 <u>Car</u>	<u>Total</u>
Leases Payable at July 1, 2012	\$7,152	\$13,356	\$20,508
Less, Leases Paid at June 30, 2013	<u>6,537</u>	<u>7,446</u>	<u>13,983</u>
Lease Payable at June 30, 2013	<u>\$ 615</u>	<u>\$ 5,910</u>	<u>\$ 6,525</u>

The police car will be paid from the General Fund. The Ford Ranger will be paid 1/3 from the General Fund and 2/3 from the Utility Fund.

Police car-

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$5,910</u>	<u>\$159</u>	<u>\$6,069</u>

Utility truck-

<u>June 30</u>	<u>General Fund</u>		<u>Utility Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	<u>\$205</u>	<u>\$1</u>	<u>\$410</u>	<u>\$3</u>	<u>\$619</u>

6. Related Parties:

The Village had no identified related party transactions for the year ended June 30, 2013.

Village of Clarence
Notes to Financial Statements
June 30, 2013

7. Compensation of Mayor and Aldermen:

<u>Name</u>	<u>Amount</u>
Bobby Braxton	\$ 5,400
Natonya Pikes	2,400
Jamie Alexander	2,400
Frank Mitchell, Jr.	<u>2,400</u>
Total	<u>\$12,600</u>

8. Receivables:

The following is a summary of receivables at June 30, 2013:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Utility Fund</u>
Sales	\$ 0	\$19,191
Taxes	2,129	0
Fines	<u>13,640</u>	<u>0</u>
Total	<u>\$15,769</u>	<u>\$19,191</u>

9. Subsequent Events:

Management has evaluated events through December 4, 2013, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Village of Clarence
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 34,500	\$ 34,500	\$ 30,688	\$ (3,812)
Licenses and Permits	25,895	25,895	25,657	(238)
Intergovernmental	500	500	1,247	747
Fines and Forfeits	96,500	107,000	140,131	33,131
Mayor's Court	0	0	20,660	20,660
Miscellaneous	<u>0</u>	<u>0</u>	<u>19,325</u>	<u>19,325</u>
Total Revenues	<u>\$157,395</u>	<u>\$167,895</u>	<u>\$237,708</u>	<u>\$ 69,813</u>
EXPENDITURES:				
General Government	\$ 101,885	\$ 92,003	\$104,937	\$(12,934)
Public Safety	93,500	100,800	97,653	3,147
Debt Service	<u>10,547</u>	<u>10,590</u>	<u>8,677</u>	<u>1,913</u>
Total Expenditures	<u>\$205,932</u>	<u>\$203,393</u>	<u>\$211,267</u>	<u>\$ (7,874)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (48,537)</u>	<u>\$ (35,498)</u>	<u>\$ 26,441</u>	<u>\$ 61,939</u>
OTHER FINANCING SOURCES:				
Transfer In - Utility Fund	<u>\$ 10,000</u>	<u>\$ 6,109</u>	<u>\$ 6,444</u>	<u>\$ 335</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>\$ (38,537)</u>	<u>\$ (29,389)</u>	<u>\$ 32,885</u>	<u>\$ 62,274</u>
Fund Balance-Beginning of Year	<u>17,555</u>	<u>17,555</u>	<u>17,555</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ (20,982)</u>	<u>\$ (11,834)</u>	<u>\$ 50,440</u>	<u>\$ 62,274</u>

See independent accountant's report.

OTHER REPORTS

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Aldermen of
the Village of Clarence

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Clarence and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Clarence's compliance with certain laws and regulations during the year ended June 30, 2013, included in the Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1224 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

None found.

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There was one amendment during the year.

6. Trace the budget and amendment adoption to the minute book.

We traced the adoption of the original budget and amendment to the minute book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Both actual revenues and expenditures were within the 5% variance allowed.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six disbursements and found that the payments were for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Management has asserted that such documents were properly posted.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

None found.

Our prior report, an audit, dated December 22, 2012, contained one finding; see status of prior year audit findings.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Clarence and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 4, 2013
Natchitoches, Louisiana

VILLAGE OF CLARENCE

P. O. Box 309
Clarence, LA 71414

LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your review of our financial statements as of June 30, 2013, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 14, 2013.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463, where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:1 through 42:13.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

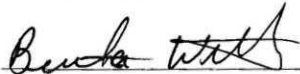
It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Secretary



Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

December 4, 2013

Honorable Bobby Braxton, Mayor
and Village Aldermen
Village of Clarence
P. O. Drawer 309
Clarence, LA 71414

RE: Management letter
Review Report - June 30, 2013

Dear Mayor Braxton,

We have performed our review of the Village of Clarence for the year ended June 30, 2013, and have applied certain agreed upon procedures. As part of the review, we have the following information to report to you.

Louisiana state law requires that each political subdivision prepare a budget each fiscal year for its General Fund, to include the beginning fund balance, all sources of revenues and all categories of expenditures for the year. In addition, the total of proposed expenditures shall not exceed the total estimated funds available for the ensuing year. For the year ended June 30, 2013, the Village had approved a budget for the General Fund in which budgeted expenditures exceeded the estimated available funds for the year. This is a repeat finding from June 30, 2012.

We recommend the Village institute procedures to ensure state law is followed when preparing the General Fund budget.

Sincerely,

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

VILLAGE OF CLARENCE

6004 HIGHWAY 71
P.O. BOX 309
CLARENCE, LA 71414
PHONE: 318-357-0440
FAX: 318-356-9700

December 3, 2013

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Re: Village of Clarence
Review Report-June 30, 2013

The following is our response to the management letter issued to us by the firm Johnson, Thomas & Cunningham, CPA's for the year ended June 30, 2013:

Management's Corrective Action Plan

We will institute procedures to ensure state law is followed when preparing/amending the General Fund budget.

Sincerely,



Bobby Braxton
Mayor

Village of Clarence
Status of Prior Year Audit Findings
Year Ended June 30, 2013

STATUS OF PRIOR YEAR AUDIT FINDING

Condition: For the year ended June 30, 2012, the Village had approved a General Fund budget in which budgeted expenditures exceeded the estimated available funds for the year.

Status: As of June 30, 2013, this condition is still present. See management letter dated December 4, 2013.